



Warehousing Committee

Terms of Reference

Status

- 1.1 The Warehousing Committee (the "Committee") has been established as an advisory committee to The London Metal Exchange (the "Exchange").
- 1.2 The purpose of the Committee is to advise the Exchange on matters relating to warehousing as further specified in paragraph 5.1 below.

Membership

Chair

- 2.1 An independent Chair will be appointed by the Exchange. The Chair of the Committee shall have no material interest in the operations of a warehouse company, whether LME-approved or not, and will not have a vote. In the absence of the independent Chair, the Committee may nominate an acting Chair.
- 2.2 The Chair shall be appointed for a period of three years, with a maximum term of nine years' continuous service. The Exchange may, at its sole discretion, extend the term of service of the Chair beyond nine years. Where it does so, the Exchange shall record the reasons for, and the proposed period of, such extension.

Membership

- 3.1 The remaining Committee members shall be representatives of each LME approved warehouse company or group of related warehouse companies. Each LME approved warehouse company or group of related warehouse companies shall be entitled to nominate one employee representative to be a Committee member. These Committee members will be appointed by the Exchange upon recommendation from the Committee Chair. The Exchange shall have absolute discretion whether to accept or reject a nomination from a warehouse company or group of related warehouse companies, and no reason need be given. In the event that the Exchange rejects a nomination, the warehouse company or group of related warehouse companies may nominate an alternative.
- 3.2 If a member appointed under clause 3.1 is unable to attend a meeting, that person may, with the prior permission of the independent Chair, designate an alternative representative from the same warehouse company or group of related warehouse companies, who may attend the meeting in place of the member.
- 3.3 The Exchange may review the policy of each warehouse company or group of related warehouse companies having a representative on the Committee in the event that the number of representatives becomes too large to facilitate effective discussion.
- 3.4 The Chair of the Physical Market Committee shall ex officio be a member of the Committee and shall be entitled to attend meetings of the Committee (without a vote).
- 3.5 One member of the Committee shall be nominated by the Chair and approved by the User Committee to attend the Physical Market Committee to represent the Warehousing Committee. The Chair has the right to decide if an election for the individual is deemed necessary.
- 3.6 The Exchange shall be entitled to attend meeting of the Committee (without a vote) and will provide secretarial support as required.

- 3.7 The Exchange may at its sole discretion request that any member of the Committee resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by the Exchange.
- 3.8 Should a member of the Committee appointed under clause 3.1 subsequently leave the employment of the warehouse company or group of related warehouse companies by which the member of the Committee was nominated, that person shall be deemed to have automatically resigned from the Committee. The warehouse company or group of related warehouse companies shall be entitled to appoint an alternative representative in accordance with clause 3.2.
- 3.9 Should a warehouse company or group of related warehouse companies no longer be approved as an LME approved warehouse company, the employee representative appointed to the Committee under clause 3.1 shall be deemed to have automatically resigned from the Committee and the warehouse company or group of related warehouse companies shall have no further right to appoint a representative.

Meetings

- 4.1 The Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the Committee Chair and approved by the Exchange.
- 4.2 The Committee Chair, in consultation with the Exchange, shall agree the agenda for each committee meeting (taking into account the requirements of clause 7.3).
- 4.3 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, (including by email or other appropriate electronic method of communication) where necessary, to avoid delays in the decision-making processes.
- 4.4 Minutes will be taken for all meetings and the activity of the Committee shall be reported to the Exchange at periodic intervals.
- 4.5 Subject to paragraph 7.1, the Committee may invite contributions from non-Committee members where appropriate, with the prior approval of the Chair and the Exchange, in order to encourage outside contributions, where appropriate. Outside contributors should acknowledge the Terms of Reference and abide by them, and should also abide by any guidance issued by the Exchange in relation to Committee meetings (including, without limitation, any guidance on the prohibition of anti-competitive practices).
- 4.6 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its Chair or acting Chair.
- 4.7 In the spirit of being an effective Committee, attendance in person is anticipated at least twice a year (subject to any travel restrictions e.g. due to pandemics). Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee Chair and the Exchange. If meeting the attendance requirements is not possible, it is expected that the warehouse company would nominate another individual from their company who can join, subject to the discretion of the Committee Chair and the Exchange.

Committee Recommendations

- 5.1 The Committee is responsible for:
 - Maintaining contact with the warehousing industry, trade and trade associations.
 - Keeping the Exchange apprised of relevant issues relating to warehousing, including industry views, changes to industry structures and other appropriate matters.

- Considering, from a logistical perspective, and at the discretionary request of the Exchange, proposals for listing or delisting LME good delivery locations.
 - Making recommendations to the Exchange on warehousing related policy issues.
 - Discharging other duties as determined from time to time by the Exchange.
- 5.2 To constitute a recommendation of the Committee, a proposal must be supported by at least 50% of the Committee (but the Exchange shall take account of any dissenting views, where a recommendation is not unanimous). The Exchange has the right to accept, reject or modify any recommendations. The Exchange should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by the Exchange. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Exchange in support of any recommendation is sufficient for the Exchange to ratify such a recommendation without further enquiry being necessary. It should be noted, however, that certain changes are subject to market consultation and / or regulatory approval.
- 5.3 In the event that a Committee recommendation is rejected by the Exchange, the Committee Chair has the right to appeal to the Exchange

Reporting

- 6.1 The Committee shall report to the Exchange on how it has discharged its responsibilities and on any other matters referred to it by the Exchange through the Committee meeting minutes.

Confidentiality and Conflicts of Interest

- 7.1 The Committee Chair and committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed and all materials and data made available to them in respect of their Committee-related activities are kept confidential at all times. Further, the Committee Chair and members must not abuse their Committee status and must not be involved in any decision-making processes in respect of which they may have a conflict of interest. Where the Chair or Committee members think they may have a conflict of interest in relation to any matter to be discussed at a Committee meeting or that comes under discussion at a Committee meeting, they must absent themselves from the part of the meeting at which that matter is discussed and the minutes of the meeting must record the absence. Further, where the Chair feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee meeting and it is appropriate for a Committee member (or themselves) to leave all or part of a meeting, the Chair shall ask the member to leave the meeting (or absent themselves). No reason need be given. Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.
- 7.2 Without prejudice to paragraphs 3.8 and 7.1, the Exchange may request that a Committee member (including the Chair) resign from the Committee where the Exchange has reason to believe that such Committee member has an interest or interests of any form which may conflict with the interests of the Company or with any company within the HKEX Group¹, and the Committee member shall comply with such request. No reason need be given.
- 7.3 The Company shall observe the requirements relating to the management of inside information and commercially sensitive as prescribed by the Company and notified to the Committee from time to time. In practice, this may mean that consideration of certain items which may be considered to be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.

¹ This might include, without limitation, where the Committee member has a relationship with an entity whose interests conflict with the interests of the Company or any member of the HKEX Group (including a competitor), such as, without limitation, serving on a board or committee of that entity